

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /102 W
-----200049Z 088256 /14

R 191600Z MAY 77
FM AMEMBASSY CAIRO
TO /SECSTATE WASHDC 5239
INFO AMEMBASSY ROME

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E.O. 11652: NA
TAGS: ENRG EG IT
SUBJ: ITALIANS ACCEPT NEW PRODUCTION SHARING AGREEMENT FOR ABU
RUDEIS/BELAYIM

1. EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC) HAS CONFIRMED
RECENT PRESS REPORTS OF PLANS TO CONVERT INTERNATIONAL EGYPTIAN
OIL COMPANY'S (IEOC) CURRENT CONCESSION AGREEMENTS AT ABU MADI
(GAS) AND ABU RUDEIS/BELAYIM (CRUDE OIL) INTO PRODUCTION SHARING
AGREEMENTS BASED STANDARD EGYPTIAN MODEL. (IEOC IS FORMED BY AGIP
AND ENI FOR OPERATIONS IN EGYPT.) IEOC CURRENTLY OPERATES ABU
RUDEIS THROUGH CAMPAGNIE ORIENTALE
DE PETROLES D'EGYPTE (COPE) AND THE GAS
FIELDS AT ABU MADI UNDER DELTA PETROLEUM COMPANY. BOTH ARE
PUBLIC SECTOR COMPANIES WITH 50-50 PRODUCTION SPLIT BETWEEN
EGPC AND IEOC. EGPC SOURCES TELL US MOVE IS MUTUALLY AGREEABLE.
IEOC WANTS PRODUCTION SHARING TYPE ARRANGEMENT AND EGPC IS NOT
HAPPY WITH PERFORMANCE OF PUBLIC SECTOR COMPANY, ESPECIALLY AT
ABU RUDEIS/BELAYIM. UNDER PROPOSED AGREEMENT, OPERATING
COMPANY WILL BE IN PRIVATE SECTOR, A STANDARD PROVISION OF
EXPLORATION/PRODUCTION SHARING AGREEMENTS. EGPC ALSO HOPES
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THAT NEW AGREEMENT WILL ENCOURAGE ITALIANS TO PUT SOME
ADDITIONAL INVESTMENT INTO ABU RUDEIS. NEGOTIATIONS ARE ALMOST
COMPLETE WITH INITIALING EXPECTED NEXT FEW WEEKS.

2. FORMER GUPCO CHAIRMAN AHMAD SHAWKI HAS BEEN APPOINTED
HEAD OF COPE IN ITS PRESENT FORM. APPOINTMENT OF PERSON OF
SHAWKI'S ABILITY SHOULD HELP TO REVITALIZE SAGGING STATE OF

ABU RUDEIS/BELAYIM FACILITIES (SEE CAIRO A-35). IT IS EXPECTED THAT SHAWKI WILL REMAIN AS CHAIRMAN OF MERGED COMPANIES.

3. COMMENT. OPERATION OF ABU RUDEIS/BELAYIM FACILITIES HAS BEEN CONTINUING HEADACHE PRIMARILY BECAUSE OF COPE'S PUBLIC SECTOR BUREAUCRACY, BUT ALSO BECAUSE OF ITALIAN RELUCTANCE TO PUT UP NEEDED CAPITAL FOR REPAIRS/IMPROVEMENTS. CHANGE TO PRODUCTION-SHARING FORMAT WILL HOPEFULLY HELP TO SOLVE BOTH OF THESE PROBLEMS, AS WELL AS TO INCREASE EGYPTIAN SHARE OF THE TOTAL OUTPUT.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, AGREEMENTS, PETROLEUM CONCESSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO08485
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770179-0687
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770540/aaaabipz.tel
Line Count: 74
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e1425e90-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2458661
Secure: OPEN
Status: NATIVE
Subject: ITALIANS ACCEPT NEW PRODUCTION SHARING AGREEMENT FOR ABU RUDEIS/BELAYIM
TAGS: ENRG, EG, IT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e1425e90-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009